

Message Text

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PAGE 01 STATE 007594
ORIGIN OES-07

INFO OCT-01 NEA-10 ISO-00 DOE-11 SOE-02 AID-05 IGA-02
EB-08 CEA-01 CIAE-00 COME-00 DODE-00 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
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FM SECSTATE WASHDC
TO AMEMBASSY CAIRO PRIORITY

C O N F I D E N T I A L STATE 007594

E.O. 11652: GDS

TAGS: TECH, ENGR, EGY

SUBJECT: LDC ENERGY PROGRAM

REFS: A. CAIRO 19903, B. STATE 284377, C. CAIRO 22990

1. DEPARTMENT AUTHORIZES EMBASSY TO INFORM APPROPRIATE
EGYPTIAN OFFICIAL OF U.S. OFFER TO PERFORM PRELIMINARY
STUDY IDENTIFYING EGYPTIAN ENERGY OPTIONS.

2. COUNTRY TEAM MAY WISH TO CONSIDER USING FOLLOWING TALK-
ING POINTS IN INITIAL DISCUSSIONS WITH GOE.

(A) LDC ENERGY PROGRAM REPRESENTS U.S. RESPONSE TO SPECIAL
NEEDS OF LDCE IN RESPECT TO CURRENT AND FUTURE WORLD ENERGY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 007594

SITUATION.

(1) IT WOULD ASSIST COUNTRIES IN SELECTION OF ENERGY
STRATEGIES THAT MOST EFFECTIVELY CORRESPOND TO OVERALL
DEVELOPMENT GOALS.

(2) IT WOULD PROPOSE TO INCREASE LDCE'S KNOWLEDGE OF AND

ACCESS TO INDIGENOUS RESOURCES THAT COULD BE APPLIED TO DEVELOPMENT.

(3) IT SHOULD REDUCE DEPENDENCY ON OIL.

(B) AT THIS POINT, PROGRAM IS AT PILOT STAGE, EGYPT IS ONE OF FOUR COUNTRIES FOR WHICH PARTICIPATION IS UNDER CONSIDERATION. WE FEEL THAT EGYPTIAN INVOLVEMENT WOULD BE PARTICULARLY DESIRABLE. OTHER COUNTRIES ARE: INDONESIA, TURKEY AND VENEZUELA.

(C) AS EGYPT UNDOUBTEDLY RECOGNIZES, A COMPREHENSIVE ENERGY SYSTEMS ANALYSIS IS A KEY STEP IN DETERMINING FUTURE ENERGY STRATEGIES. SUCH AN ANALYSIS, IN TURN, SHOULD REST ON BEST POSSIBLE DATA IN REGARD TO EXISTING AND POTENTIAL ENERGY RESOURCES. U.S. PROGRAM:

(1) PROPOSES TO WORK WITH EGYPTIAN EXPERTS IN COMPILING COMPREHENSIVE INVENTORY OF ENERGY RESOURCES BOTH OF TRADITIONAL TYPE (E.G., NUCLEAR AND NON-NUCLEAR) AND NON-CONVENTIONAL SOURCES (E.G., SOLAR, GEOTHERMAL).

(2) PROPOSES TO WORK WITH EGYPTIAN PLANNING SPECIALISTS IN APPLYING MOST UP-TO-DATE ANALYTIC METHODS AND PROCEDURES TO DEVELOP A NUMBER OF ENERGY STRATEGY OPTIONS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 007594

(3) WOULD PROVIDE SELECTIVE TRAINING TO INCREASE EGYPTIAN CAPABILITIES IN BOTH OF ABOVE AREAS.

(D) ENERGY STRATEGY OPTIONS, BASED ON "HARD" DATA AND USING WIDELY RECOGNIZED ANALYTIC APPROACHES WOULD BENEFIT EGYPTIAN PLANNING EFFORTS AND SUPPORT REQUESTS FOR ENERGY-RELATED ASSISTANCE FROM OTHER COUNTRIES AND MULTILATERAL INSTITUTIONS.

(E) WE WOULD NEED FROM EGYPTIANS AN EXPRESSION OF INTEREST AND WILLINGNESS TO COOPERATE IN SUCH A PROGRAM. INITIAL PROJECTS (SYSTEMS ANALYSIS AND RESOURCE ASSESSMENT) WOULD REQUIRE THE PARTICIPATION OF THOSE EGYPTIAN EXPERTS DESIGNATED BY GOE TO ASSIST THE U.S. TEAM IN PERFORMING ITS ANALYSIS. THE MAIN CONTRIBUTION FROM EGYPT WOULD BE THE TIME SPENT BY THEIR OWN EXPERT ON THIS ACTIVITY. EGYPT WOULD NOT NORMALLY BE REQUIRED TO MAKE A FINANCIAL OR LOGISTIC CONTRIBUTION TO THE PROGRAM, ALTHOUGH SUCH PARTICIPATION WOULD BE WELCOMED AS A GESTURE OF COOPERATION.

3. WOULD APPRECIATE EMBASSY REPORT OF INITIAL EGYPTIAN

REACTION AS PROMPTLY AS POSSIBLE. IF POSITIVE, A TEAM
COULD BE DISPATCHED ALMOST IMMEDIATELY TO MOVE FORWARD WITH
PRELIMINARY TECHNICAL DISCUSSIONS WITH EGYPTIAN EXPERTS.

4. FOR USAID.AID/W HAVE REVIEWED IN VERY GENERAL TERMS THE
PLANNED SCOPE OF WORK OF "LDC ENERGY PROGRAM" AND HAVE
DISCUSSED IT BRIEFLY WITH IBRD. WE ARE SATISFIED THAT ITS
SCOPE IS SUBSTANTIALLY BROADER THAN THAT OF BANK'S POWER
STUDY WITH SANDERSON AND PORTER SINCE IT COVERS TOTAL
ENERGY SOURCES/USES. WE ARE NOW WORKING WITH BANK TO AVOID
DUPLICATION OR OVERLAP IN POWER SECTOR AND IN OTHER ENERGY
AREAS (E.G. GAS AND OIL) BANK IS CURRENTLY PLANNING FOR
OWN NEW STUDY EFFORTS. FURTHER, SINCE SCOPE OF EFFORT
NOTED ABOVE INCLUDES SELECTED TRAINING EFFORTS IN PLANNING
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PAGE 04 STATE 007594

ENERGY DEVELOPMENT AND UTILIZATION, USAID MAY WANT TO
MEASURE THAT AGAINST CURRENT TRAINING PROGRAM OF MINISTRY
WITH OVERSEAS ADVISORY ASSOCIATES, INCORPORATED. CHRISTOPHER

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